Add the following to **ACTION ITEMS**:

E. Approve Phase 1 Yuba River Levee Improvements Plans and Technical Specifications as prepared by HDR Engineering Incorporated.
THREE RIVERS LEVEE IMPROVEMENT AUTHORITY

Date: August 24, 2004

To: Three Rivers Levee Improvement Authority Board

From: Charles K. McClain, Executive Director

Subject: Approval of Phase 1 Yuba River Levee Improvements Plans & Technical Specifications

RECOMMENDATION:
Approve the Phase 1 Yuba River Levee Improvement Plans & Technical Specifications prepared by HDR Engineering Inc. and on file with the Clerk of the Board of Supervisors.

BACKGROUND:
The plans being presented for approval consist of constructing a 50’ deep slurry wall within the existing Yuba River Levee between the State Route 70 Bridge and the location of the 1986 Levee Break approximately 2,200 feet in length.

DISCUSSION:
It is currently anticipated a State Reclamation Board permit allowing the proposed improvements to proceed will be issued on or before September 7, 2004. The details of an agreement between the County and Nordic Industries are being worked out and it is anticipated that Nordic Industries will be prepared to start construction on the plans being recommended for approval on September 8, 2004.

FISCAL IMPACT:
The cost of preparing the plans was previously approved and there are no additional costs associated with this action.
Add the following to **ACTION ITEMS**:

C. Certify environmental document and adopt resolution approving mitigated Negative Declaration and adopting mitigation monitoring plan for Yuba River Levee Repair Project.

D. Approve an agreement with Nordic Industries to construct Phase 1 Yuba River Levee Improvements, authorize Chairman to execute agreement subject to County Counsel review, and authorize Nordic Industries to commence design of slurry wall mix materials in an amount not to exceed $50,000.
August 24, 2004

TO: Three Rivers Levee Improvement Authority
FROM: Randy Margo, Assistant County Administrator
SUBJECT: Environmental Findings Regarding the Yuba River Levee Repair Project

Recommended Actions

1. Certify the attached environmental document.
2. Adopt attached resolution and findings for the Yuba River Levee Repair Project based on the California Environmental Quality Act.
3. Adopt the mitigation and monitoring plan identified in the attached environmental document.

Reason for Recommended Actions

Approval of recommended actions is necessary in order for the Yuba River Levee Repair Project to proceed.

Background

A recent geological report provided to the Authority concluded that there are significant problems related to seepage with the levee foundation along certain portions of the Yuba River Levee. As a result, the Authority has decided to act quickly to implement portions of the repair this year. The proposed project is located in the southern portion of Yuba County along the Yuba River south levee, upstream of its confluence with the Feather River, just south of Marysville.

In order to accomplish the levee repair work, the California Environmental Quality Act (CEQA) requires state and local government agencies to consider environmental consequences of projects over which they have discretionary authority before taking action on those projects. Under CEQA, the Authority is required to prepare an initial study to determine whether an environmental impact report (EIR) is needed, or a negative declaration or mitigated negative declaration may be adopted for the proposed Yuba River Levee Repair Project.
Discussion

The findings in the initial study prepared by the firm Jones & Stokes indicates that the proposed levee repair work on the Yuba River will not have a significant effect on the environment. Also, the attached initial study identifies one or more potentially significant effects on the environment for which the Authority agrees to make project revisions mitigating the effects to a less than significant level.

Fiscal Impacts

There is no cost associated with the Authority taking this action.
BEFORE THE THREE RIVERS LEVEE AUTHORITY BOARD
OF THE COUNTY OF YUBA

IN RE:

RESOLUTION APPROVING MITIGATED NEGATIVE DECLARATION AND ADOPTING MITIGATION MONITORING PLAN

RESOLUTION NO. ____________

WHEREAS, The Three Rivers Levee Improvement Authority (Authority), as project proponent, has caused an initial study to be prepared in connection with levee repair located on the left bank of the Yuba River Levee, just upstream and downstream of SR 70 in Yuba County, California; and,

WHEREAS, the Authority has read the initial study and is familiar with its contents; and,

WHEREAS, the initial study identifies a number of potentially significant environmental effects; and,

WHEREAS, all potentially significant environmental effects can be mitigated to a less than significant level and, therefore, there is no substantial evidence that the project may have a significant environmental effect; and,

WHEREAS, all notice required by law has been given.

NOW, THEREFORE, BE IT RESOLVED:

1. The foregoing recitals are true and correct.
2. The mitigated Negative Declaration submitted to the Authority for the project is approved.

3. The Mitigation Monitoring Plan set forth as Appendix B to the initial study is adopted.

PASSED AND ADOPTED at a regular meeting of the Three Rivers Levee Improvement Authority of the County of Yuba, State of California on the ___ day of ________________, 2004 by the following vote:

AYES: 
NOES: 
ABSENT: 
ABSTAIN: 

__________________________
RICHARD WEBB, CHAIRPERSON

ATTEST: DONNA STOTTLEMEYER
Clerk of the Board of Supervisors

By: _________________________

APPROVED AS TO FORM

__________________________
DANIEL G. MONTGOMERY

THREE RIVERS LEVEE AUTHORITY:
Revol. Approving N.D. 2

DGM:mod:5-18-04
Date: August 24, 2004

To: Three Rivers Levee Improvement Authority Board

From: Randy Margo, Assistant County Administrator

Subject: Agreement with Nordic Industries to Construct Phase 1 Yuba Levee Improvements

RECOMMENDATION:

1) Authorize the Chairman of the Board to execute an agreement with Nordic Industries, Inc. subject to County Counsel review to allow Nordic Industries to construct the Phase 1 levee improvements on the Yuba River between State Route 70 and the 1985 Break prior to November 1, 2004. The agreement shall contain language that the actual costs of construction not to exceed the engineer's estimate prepared by HDR Engineering, contractor quality control and slurry wall mix design shall be credited to Nordic in lieu of participation in the levee improvement financing.

2) Authorize Nordic Industries to commence design of slurry wall mix materials not to exceed $50,000. In the event an agreement with Nordic to construct the Phase 1 Improvements is not reached, the Board authorizes staff to credit Nordic in lieu of participating in the levee improvement financing with any slurry design mix costs incurred during development of the proposed agreement.

BACKGROUND:

In response to issues raised by the State of California Department of Water Resources and the US Army Corps of Engineers in May of 2003, the Three Rivers Levee Improvement Authority was formed, Yuba County Water Agency and land developers within the County funded problem identification studies on the sections of RD 784 levees identified by the US Army Corps as needing additional information and/or improvements, environmental documents, and other engineering studies. Since May of 2004, a great deal of work has been accomplished. The Phase 1 levee improvements on the Yuba River will be the first construction project to result from the engineering and environmental studies on the levees over the past 14 months.
DISCUSSION:

Upon completion of the problem identification study on the Yuba River near the 1986 Break it was recommended by the engineering consultant who prepared the study to implement a project to construct a 50' deep slurry wall from the State Route 70 Bridge to the location of the 1986 Break as soon as possible and preferably before this winter. The Yuba County Water Agency came forward with a $700,000 grant to enable the Three Rivers Levee Improvement Authority to complete the necessary environmental studies, plans and specifications in order to be able to construct the improvements this year.

The engineering plans and specifications are currently 90% complete for the Phase I Yuba River Levee Improvements, the project has an adopted Negative Declaration and the necessary permits from the State Reclamation Board is anticipated on September 7, 2004. It is anticipated the improvements will take approximately 60 days to complete, which necessitates an expedited process in order to complete improvements prior to the Reclamation Board's typical permitting requirements of having all levee work completed by November 1st. If there are no winter storms during the first two weeks in November it is common for the Reclamation Board to grant a two-week time extension.

The slurry wall construction project on this stretch of levee has been identified as the highest priority project in Reclamation District 784 by Kienfelder Incoporated, an engineering and geotechnical firm hired to evaluate the levee. This project cannot be accomplished by November 2004 by any other agency of the state, federal government, or local agency other than the County of Yuba. Its timely completion is critical to the preservation of health, safety and welfare of the residents of Linda and Olivehurst. Nordic Industries is recommended as the sole-source contractor to perform the work for the following reasons: 1) Nordic has successfully performed identical work at numerous locations; 2) Nordic has specialized equipment necessary to perform the work; 3) Nordic has presented a proposal to construct the Phase I improvements within the extremely compressed timeframe required by state and federal regulatory agencies; 4) Nordic proposes to perform the work for no cash payment. Instead, remuneration will be made in the form of fee credits pertaining to Nordic's participation in levee improvement financing, as discussed below.

Nordic is participating in the development of lands within the Plumas Lake Specific Plan Area. The firm is requesting the County execute an agreement which will acknowledge their actual costs to construct the improvements (not to exceed the HDR Engineer's Estimate and grant them credits equal to the cost of the project including contractor quality control and slurry wall mix design in lieu of participating in an equivalent amount of levee financing on its Rio Del Oro project at Plumas Lake proposed by the Three Rivers Levee Improvement Authority. The County will hire a consultant to provide contractor oversight and quality assurance for the project.

COMMITTEE ACTION:

Due to time constraints this item is being presented directly to the full Board.
FISCAL IMPACT:
There is no general fund obligation associated with this action.
A G E N D A

2:00 P.M.  AUGUST 24, 2004 – SPECIAL MEETING

Yuba County Government Center
Board of Supervisors’ Chambers
915 Eighth Street, Suite 109A
Marysville, California

Unless otherwise indicated.

No other business shall be conducted at this meeting. The public shall have an opportunity to address the Authority only with respect to items set forth in this agenda. Each individual or group will be limited to no more than five minutes. Prior to this time, speakers must fill out a “Request to Speak” card and submit it to the Clerk of the Board of Supervisors.

I  CALL TO ORDER

II  ROLL CALL – Directors Mary Jane Griego and Richard Webb

III  ACTION ITEMS

A.  Adopt resolution declaring intention to establish Community facilities District and to authorize the levy of special taxes within the proposed boundary area encompassing the South County area and adopt resolution declaring intention to incur bonded indebtedness of the proposed Three Rivers Levee Improvement Authority Community Facilities District No. 2004-1 (South County Area).

B.  Approve amendment to agreement with MBK Engineers extending the scope and cost ceiling for project management support services through September 7, 2004.

IV  ADJOURN

In compliance with the American with Disabilities Act, the meeting room is wheelchair accessible and disabled parking is available. If you have a disability and need a disability-related modifications or accommodations to participate in this meeting, please contact the Clerk of the Board’s office at (530) 749-7510 or (530) 749-7353 (fax). Requests must be made one full business day before the start of the meeting.
In order to begin the process to consider the formation of the community facilities district and the issuance of the bonds, the Board must consider the adoption of two resolutions of intention relative to the proposed community facilities district. These resolutions call for public hearings on September 28, 2004 on the formation of the CFD and the issuance of bonds, and otherwise specify the boundaries of the CFD (by reference to a map on file with the Secretary to the Authority), the rate and method of apportionment of special taxes to be levied solely on land in the CFD to repay the bonds, (maximum principal amount $33 million), and describe in general terms the levee improvements to be financed by the CFD.

**Fiscal Impact**

Costs of issuance of the proposed bond issue will be paid from the proceeds of the bonds issued by the Authority. All annual costs of administering the bonds will be paid by special taxes levied on the properties in the CFD.

Any CFD bonds will not be general obligations of the Authority, but will be limited obligations of the Authority. All annual costs of administering the bonds will be paid by special taxes levied on the properties in the CFD.
August 24, 2004

TO: Three Rivers Levee Improvement Authority Board
FROM: Charles K. McClain, Executive Director
SUBJECT: Initial Actions Relating to Formation of Community Facilities District for Levee Improvement – South County Area

Recommendations

The Board of Directors adopt the following resolutions:

1. Resolution declaring intention to establish a Community Facilities District (CFD) and to authorize the levy of special taxes within the proposed boundary area encompassing the South County area.

2. Resolution declaring intention to incur bonded indebtedness of the proposed Three Rivers Levee Improvement Authority Community Facilities District 2004-1 (South County Area).

Background

The County of Yuba (County) and Reclamation District 784 (RD 784) have been examining issues related to the levees in the South County Area. To that end, the County and RD 784 by execution of a joint exercise of powers agreement, created the Three Rivers Levee Improvement Authority (Authority).

County staff and consultants have been working with property owners in the South County Area to determine a means by which local funds could be generated to finance levee improvements. After extensive discussions and meetings with property owners, it has been determined that the creation by the Authority of a community facilities district formed pursuant to the provisions of the Mello-Roos Community Facilities Act of 1982 is the best means to provide such local funds. Petitions (including Wavier) have been submitted by various property owners in the South County Area requesting formation of the community facilities district. A rate and method of apportionment of special taxes to be levied on property to be included in the proposed community facilities district has been prepared with input from the property owners. The proposed bond issue is to be repaid from the collection of special taxes levied on property in the community facilities district, and neither the County nor the Reclamation District will have any responsibility of any bonds issued by the community facilities district.
BEFORE THE BOARD OF DIRECTORS
OF THREE RIVERS LEVEE IMPROVEMENT AUTHORITY

In Re:

RESOLUTION DECLARING INTENTION TO
ESTABLISH A COMMUNITY FACILITIES DISTRICT
AND TO AUTHORIZE THE LEVY OF SPECIAL TAXES
THEREIN - SOUTH COUNTY AREA

Resolution No. ___

WHEREAS, under the Mejia-Roos Community Facilities Act of 1982, constituting Section 53241 et seq. of the California Government Code (the "Law"), this Board of Directors of the Three Rivers Levee Improvement Authority (the "Authority") may commence proceedings for the establishment of a community facilities district, and

WHEREAS, there is a need for various levee and related improvements in the southern portion of the County of Yuba (the "County"), and the Authority has received Petitions (Including Waiver) from various property owners in such area requesting that the Authority form a community facilities district under the Law to be known as the Three Rivers Levee Improvement Authority Community Facilities District No. 2004-1 (South County Area) (the "District") to finance such improvements and related costs; and

WHEREAS, under the Law, this Board of Directors is the legislative body for the proposed District and is empowered with the authority to establish the District and levy special taxes within the District; and

WHEREAS, this Board of Directors now desires to proceed with the actions necessary to consider the establishment of the District.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Three Rivers Levee Improvement Authority as follows:

Section 1. This Board of Directors proposes to begin the proceedings necessary to establish the District pursuant to the Law.

Section 2. The name proposed for the District is the Three Rivers Levee Improvement Authority Community Facilities District No. 2004-1 (South County Area).

Section 3. The proposed boundaries of the District are as shown on the map of the District on file with the Secretary of the Authority, which boundaries are hereby preliminarily approved. The Secretary is hereby directed to record, or cause to be recorded, the map of the boundaries of the District in the office of the Yuba County Recorder as soon as practicable after the adoption of this Resolution.
Receipt of the Petitions (including Waiver) requesting formation of the District from each of the property owners in the area included within the boundaries of the proposed District, as shown on the map, is hereby acknowledged.

Section 4. The types of public facilities (the "Facilities") proposed to be eligible for funding by the District and pursuant to the Law shall consist of those items listed on Exhibit A hereto under the heading "Facilities," which Exhibit is by this reference incorporated herein.

The Executive Director is hereby authorized and directed to enter into a joint community facilities agreement with any other public entity that will own and/or operate any of the Facilities, such agreements to be in a form provided by Bond Counsel.

Section 5. Except to the extent that funds are otherwise available to the District to pay for the Facilities, and/or to pay the principal and interest as it becomes due on bonds of the District issued to pay for the Facilities, a special tax sufficient to pay the costs thereof, secured by recordation of a continuing lien against all non-exempt real property in the District, will be levied within the District and collected in the same manner as ordinary ad valorem property taxes or in such other manner as this Board of Directors or its designee shall determine, including direct billing of the affected property owners. The proposed rate and method of assessment of the special tax among the parcels of real property within the District, in sufficient detail to allow each landowner within the proposed District to estimate the maximum amount such owner will have to pay, and which specifies the tax year after which no further special tax will be levied on land used for private residential purposes and which otherwise complies with applicable provisions of the Law is described in Exhibit B attached hereto which Exhibit is by this reference incorporated herein.

This Board of Directors finds that the provisions of Sections 53313.6, 53313.7 and 53313.9 of the California Government Code (relating to adjustments in ad valorem property taxes and schools financed by a community facilities district) are applicable to the District.

Section 6. It is the intention of this Board of Directors, acting as the legislative body for the District, to cause bonds of the Authority to be issued for the District pursuant to the Law to finance a portion of the costs of the Facilities. If so issued, the bonds shall be in the aggregate principal amount of not to exceed $33,000,000, shall bear interest payable semi-annually or in such other manner as this Board of Directors shall determine, at a rate not to exceed the maximum rate of interest as may be authorized by applicable law at the time of sale of such bonds, and shall mature not to exceed 30 years from the date of the issuance thereof.

Section 7. This Board of Directors reserves to itself the right and authority to allow any interested owner of property in the District, subject to the provisions of Section 53344.4 of the California Government Code and such requirements as it may otherwise impose, and any applicable prepayment penalties as prescribed in the indenture or fiscal agent agreement for any bonds of the Authority for the District, to tender to the Auditor of the Authority a full payment or part payment of any installment of special taxes or the interest or penalties thereon which may be due or delinquent, but for which a bill has been received, any bond or other obligation secured thereby, in the manner described in Section 53344.4 of the California Government Code.

Section 8. The levy of said proposed special tax shall be subject to the approval of the qualified electors of the District at a special election. The proposed voting procedure shall be by mailed or hand-delivered ballot among the landowners in the proposed District, with each owner having one vote for each acre or portion of an acre of land such owner owns in the District.
Section 9. Except as may otherwise be provided by law or the site and method of appportionment of the special tax for the District, all lands owned by any public entity, including the United States, the State of California and/or the County of Yuba (the "County"), or any departments or political subdivisions of any thereof, shall be omitted from the levy of the special tax to be made to cover the cost and expenses of the Facilities, the issuance of bonds by the Authority for the District and any expenses of the District.

Section 10. The Director of Public Works of the County of Yuba is hereby directed to study said proposed Facilities and to make, or cause to be made, and file with the Secretary a report in writing, presenting the following:

(a) A brief description of the Facilities.

(b) An estimate of the fair and reasonable cost of providing the Facilities, including the incidental expenses in connection therewith, including the costs of the proposed bond financing, any Authority or County administrative costs and all other related costs.

Said report shall be made a part of the record of the public hearing provided for below.

Section 11. Tuesday, September 28, 2004, at 1:00 p.m. or as soon thereafter as the matter may be heard, in the regular meeting place of this Board of Directors, Board of Supervision Chambers, Government Center, 915 Eighth Street, Marysville, California, be, and the same are hereby appointed and fixed as the time and place when and where this Board of Directors, as legislative body for the District, will conduct a public hearing on the establishment of the District and consider and finalize whether the public interest, convenience and necessity require the formation of the District and the levy of said special tax.

Section 12. The Secretary is hereby directed to cause notice of said public hearing to be given by publication one time in a newspaper published in the area of the District. The publication of said notice shall be completed at least seven days before the date herein set for said hearing. Said notice shall be substantially in the form of Exhibit C hereof.

Section 13. This Board of Directors hereby determines that public convenience and necessity require that territory be added to the District in the future, and that this Resolution shall constitute a resolution of intention to annex territory to the District pursuant to Sections 53335.2 and 53339.3 of the Law. The name for the District is the Three Rivers Levee Improvement Authority Community Facilities District No. 2004-1 (South County Area). The territory proposed for annexation to the District in the future is as indicated as such on the map of the District described in Section 5 above (the "Annexation Area"); provided that such territory may be annexed to the District only with the unanimous approval of the owner or owners of each parcel or the parcels to be annexed at the time that parcel or those parcels are so annexed. The types of facilities to be provided in the District and in the Annexation Area are the "Facilities" referenced in Section 4 above, and such Facilities shall be shared equally by all parcels to be included in the District and in the Annexation Area. The special taxes which will be levied in the Annexation Area shall be the same as those described in Section 5 above, and there shall be no alienation in the special tax rate levied in the District as a result of the proposed annexation except as may arise by operation of the Rate and Method of Appportionment of Special Tax in Exhibit B solely as a result of additional territory being included within the District. The hearing regarding the proposed annexation described in this Section 13 and required by Section 53339.3(i) of the Law shall be combined with the hearing described in Section 11 above, and the notice described in Section 12 above shall constitute the notice required by Section 53339.4 of the Law.
Section 14. The firms of Fieldman, Rolapp & Associates, Economic & Planning Systems, Stone & Youngberg LLC, Severs Jordan Ziegemeier, MAL, Quin & Thimming LLP and Nossaman, Guthner, Knox & Elliott, LLP are hereby designated as financial advisor, special tax consultant, underwriter, appraiser, bond counsel and disclosure counsel, respectively, to the Authority for the District. The Executive Director is hereby authorized to execute agreements with said firms for their services related to the District provided that all fees and expenses of such firms are payable solely from funds legally available for such purpose, including the proceeds of bonds, if any, issued by the Authority for the District.

Section 15. This Resolution shall take effect upon its adoption.

* * * * * *

PASSED AND ADOPTED this 24th day of August, 2004, by the Board of Directors of the Three Rivers Levee Improvement Authority, by the following vote:

AYES: 
NOES: 
ABSENT: 
ABSTAIN:

________________________
Chairperson.

ATTEST: DONNA STOTLLEMEVER, 
SECRETARY

________________________
APPROVED AS TO FORM: COUNSEL, TO THE 
AUTHORITY, DANIEL MONTGOMERY

2004-11-13-3544# 5/17/04 

-4-
EXHIBIT A
THREE RIVERS LEVEE IMPROVEMENT AUTHORITY
COMMUNITY FACILITIES DISTRICT NO. 2004-1
(SOUTH COUNTY AREA)

DESCRIPTION OF FACILITIES ELIGIBLE TO BE FUNDED BY THE DISTRICT

FACILITIES

The CFD may finance all or a portion of the costs of the following:

The construction, repair and/or rehabilitation of flood control improvements, including but not limited to levee system and drainage improvements, and any necessary habitat mitigation incident to any improvements.

The facilities shall include the acquisition of land, the costs of design, engineering and planning, the costs of any environmental or other studies, surveys or other reports, the cost of any required environmental mitigation measures, landscaping, soils testing, permits, plan check and inspection fees, insurance, legal and related overhead costs, coordination and supervision and any other costs or appurtenances related to any of the foregoing.

OTHER

The CFD may also finance any of the following:

1. Bond related expenses, including underwriter's discount, reserve fund, capitalized interest, bond and issuance counsel and all other incidental expenses.

2. Administrative fees of the Authority, the County and the bond trustee or fiscal agent related to the CFD and any bonded indebtedness of the CFD.

3. Reimbursement of costs related to the formation of the CFD advanced by the Authority, the County, the Yuba County Water Agency, Reclamation District No. 784 or any other governmental agency, or any landowner or developer within the CFD, or reimbursement of any costs advanced by the Authority or any related entity, or any landowner or developer within the CFD, for facilities, fees or other purposes or costs of the CFD.
EXHIBIT B

Community Facilities District No. 2004-1
Three Rivers Levee Improvement Authority
(South County Area)
Yuba County, California

RATE, METHOD OF APPORTIONMENT, AND MANNER OF COLLECTION
OF SPECIAL TAX

1. Basis of Special Tax Levy

A Special Tax authorized under the Mello-Roos Community Facilities Act of 1982 (the "Act") applicable to the and in Community Facilities District No. 2004-1 (South County Area) (the "CFD") of the Three Rivers Levee Improvement Authority (the "JPA") shall be levied and collected according to the tax liability determined by the JPA through the application of the appropriate amount or rate, as described below.

2. Definitions


"Administrative Expenses" means the following actual or reasonably estimated costs directly related to the administration of the CFD, including:

- Costs of computing Special Taxes and preparing annual Special Tax collection schedules (whether by the JPA or designee thereof or both);
- Costs of collecting the Special Taxes (whether by the County, the JPA, or otherwise);
- Costs of remitting the Special Taxes to the Trustee;
- Costs of the Trustee (including its legal counsel) in the discharge of the duties required of it under the Bond Indenture;
- Costs to the JPA, CFD or any designee thereof of complying with arbitrage rebate requirements;

8-1 13089-0009
- Costs to the JPA, CFD or any designee thereof of complying with JPA, CFD or obliged persons disclosure requirements;
- Costs associated with preparing Special Tax disclosure statements;
- Costs incurred in responding to public inquiries regarding the Special Taxes;
- Costs to the JPA, CFD or designee thereof related to any appeal of the Special Tax;
- Costs associated with the release of funds from an escrow account, if any; and
- Amounts estimated to be advanced or advanced by the JPA for any other administrative purposes, including attorney’s fees and other costs related to commencing and pursuing to completion any foreclosure of delinquent Special Taxes.

"Administrator" means the Treasurer of the JPA, or designee.

"Annexation Parcel" means any Parcel that is annexed to the CFD after the CFD is formed. Annexation Parcels are subject to the payment of a Catch Up Special Tax at annexation to the CFD.

"Annual Costs" means, for any Fiscal Year, the total of the following:

i) Debt Service to be paid from Special Taxes collected during such Fiscal Year;

ii) Administrative Expenses for such Fiscal Year;

iii) The amount needed to replenish the Reserve Fund for the Bonds to the level required under the Bond Indenture;

iv) The amount needed to replenish the Special Tax Stabilization Fund (actual amounts or anticipated shortfalls) to the level required in the Bond Indenture;

v) An amount equal to the amount of delinquencies in payments of Back-up Special Taxes, if any, levied in the previous Fiscal Year and/or anticipated for the current Fiscal Year;

vi) Pay-As-You-Go Expenditures for Authorized Facilities to be constructed or acquired by the CFD;

vii) Early debt retirement through the prepayment of Outstanding Bonds, and

viii) An amount equal to the amount of Reimbursements that may be made during the Fiscal Year. The Back-up Special Tax is not used to pay Reimbursements.
Less any earnings on the reserve fund, Special Tax Stabilization Fund, and Special Tax fund that are transferred in each Fiscal Year to the Bond redemption fund pursuant to the Bond Indenture.

The first priority for the use of Special Tax revenues is the payment of Debt Service and Administrative Expenses.

"Assessor's Parcel Number" means the Assessor's Parcel and Assessor's Parcel number as recorded by the County Assessor on the equalized tax roll.

"Authorized Facilities" means those facilities to be financed as identified in the resolution forming the CFD.

"Backup Special Tax" means the greatest amount of Special Tax that may be levied against Tentative Map Parcels and/or Undeveloped Parcels, as shown on Attachment 2, when the Special Tax revenue from collecting the Maximum One-Time Special Tax on Final Map Parcels is not adequate to cover Annual Costs in a Fiscal Year.

"Base Year" means Fiscal Year 2004-2005.

"Board" means the Board of Directors of the JPA.

"Bond(s)" means bond(s) issued by the JPA under the Act for the CFD.

"Bond Indenture" means the indenture, resolution, fiscal agent agreement, or other financing document pursuant to which the bonds are issued.

"Bond Year" means the 12-month period ending on the second bond payment date of each calendar year as defined in the resolution authorizing the issuance of bonds. The Bond Year includes three Bond payment periods - September of the current calendar year, and March and September of the next following calendar year.

"Cash Discount Payment" means the amount per Gross Developable Acre established by the JPA that can be paid during the Cash Discount Payment Period. The Cash Discount Payment complements the Parcel's Special Tax obligation. Following the receipt of the full payment of the Cash Discount Payment for a Parcel, the Administrator will direct the County Recorder to record a Notice of Cessation of Special Tax. The amount of the Cash Discount Payment is $14,000 per Gross Developable Acre.

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"Cash Discount Payment Period" means that period of time extending thirty (30) days after a written demand for payment is deposited in the mail by the Administrator to those seeking the benefit of paying the Cash Discount Payment for a Parcel. Once a Parcel has paid the Cash Discount Payment, it has completely fulfilled that Parcel's Special Tax obligation.

"Catch Up Special Tax" means an amount of Back-up Special Tax that would have been levied against an Annexation Parcel in each Fiscal Year prior to its annexation to the CFD had the Parcel been an Original Parcel. The calculation of the Catch Up Special Tax will be based on the development approvals in effect in each Fiscal Year for which the Catch Up Special Tax is to be calculated. The Catch Up Special Tax is subject to an additional 25 percent penalty, calculated on the total amount of Catch Up Special Tax to be paid by Annexation Parcels.

"CFD" means Three Rivers levee Improvement Authority Community Facilities District No. 2004-1 (South County Area).

"Commercial/Other Use Parcel" means a parcel that is not designated for residential use, such as commercial, business park, office, retail, light industrial, industrial, or commercial mixed use. Commercial Use Parcels are Tax-Exempt Parcels under the CFD. Commercial Use Parcels may be subject to other development fees for levees collected by the FPA for new development.

"County" means the County of Yuba, California.

"Debt Service" means the total annual amount of bond principal, interest, and any scheduled sinking fund payments of the Bonds for the CFD for the Bond Year.

"Developed Parcel" means a Final Map Parcel or a Partial Prepayment Parcel with a building permit issued for residential use.

"Final Map" means a recorded final map of parcel map pursuant to the Subdivision Map Act designating individual Parcels having received all approvals required for the issuance of a building permit. Prior to the approval of a Final Map, taxable Parcels must pay the Maximum One-Time Special Tax for the Taxable Parcel, or make a Partial Prepayment of the Special Tax obligation of the Parcel. Following full payment of the Maximum One-Time Special Tax, the Administrator will direct the County Recorder to record a Notice of Cessation of Special Tax. Once a Taxable Parcel has paid in full the Maximum One-Time Special Tax, it has completely fulfilled that Parcel's Special Tax obligation.
"Final Map Parcel" means a Parcel created by the recordation of a Final Map. Once a Parcel is classified as a Final Map Parcel, it shall not be reassigned to a Parcel category with a lesser Special Tax obligation, such as Tentative Map Parcel or Undeveloped Parcel.

"Fiscal Year" means the period starting July 1 and ending the following June 30.

"Full Prepayment" means the prepayment of a Parcel's complete Special Tax obligation, as determined by following the procedures in Section 7. A Parcel may make a Full Prepayment of the Special Tax obligation prior to recordation of the Final Map.

"Gross Developable Acres" means the acres on a Final Map that are designated for other than public uses, such as residential development. Included are residential parcels, minor interior roads, and minor areas of landscaping at entryways. Excluded from Gross Developable Acres are the areas of major arterial roads, parks, open space, weekends, schools, and other public uses. Gross Developable Acres are used to determine the Maximum One-Time Special Tax for Original Parcels and Annexation Parcels.

"JPA" means the Three Rivers Levee Improvement Authority.

"Maximum CFJ Revenue" means the total amount of Special Tax revenue available by applying the Maximum One-Time Special Tax to all Taxable Parcels in a Fiscal Year.

"Maximum One-Time Special Tax" means the greatest amount of one-time Special Tax that can be charged to a Taxable Parcel as shown in Attachment 1 and Attachment 2. Once a Taxable Parcel has paid in full the One-Time Special Tax, it has completely fulfilled that Parcel's Special Tax obligation. The Administrator shall direct the County Recorder to record a Notice of Cessation of Special Tax when a Final Map Parcel has paid in full the One-Time Special Tax.

"Maximum One-Time Special Tax Revenue" is the greatest amount of revenue from collecting the Maximum One-Time Special Tax in a Fiscal Year on a group of Final Map Parcels.

"Original Parcel" means a Parcel that is included within the boundaries of the CFD at the time of formation of the CFD and is shown in Attachment 1.

"Outstanding Bonds" means the total principal amount of Bonds that have been issued and not fully paid or legally defeased.
"Parcel" means any Assessor's Parcel Number in the CFD based on the equalized tax rolls of the County as of January 1 preceding the Fiscal Year.

"Pay-As-You-Go Expenditure" means the use of annual Special Tax revenues to pay for Authorized Facilities.

"Partial Prepayment" means a prepayment of a portion of a Parcel's Special Tax obligation, as set forth in Section 7. A Parcel may make a Partial Prepayment of the Special Tax obligation prior to recordation of the Final Map. The unpaid portion of the Maximum One-Time Special Tax is assigned to the Developed Parcel.

"Partial Prepayment Parcel" means the factor by which the Maximum One-Time Special Tax for a Partial Prepayment Parcel is multiplied to calculate an adjusted Maximum One-Time Special Tax for such a Parcel. This adjusted Maximum One-Time Special Tax is assigned to the Partial Prepayment Parcel and may be levied in each Fiscal Year in which Annual Costs occur. Each Partial Prepayment Factor shall be calculated according to the steps described under Section 7 hereof.

"Partial Prepayment Parcel" means a Taxable Parcel for which a Partial Prepayment has been made following the procedures in Section 7.

"Prepayment" means the partial or complete fulfillment of a Parcel's Special Tax obligation, as determined by following the procedures in Section 7.

"Public Parcel" means any Parcel that is or is intended to be publicly owned, as designated in any final map, that is normally exempt from the levy of general ad valorem property taxes under California law, including public streets, schools, parks, public drainage ways, public landscaping, wetlands, greenbelts, and public open space.

"Reimbursement" means a reimbursement of a portion of the Partial Prepayment or Full Prepayment of the Special Tax obligation for Taxable Parcels or other JPA reimbursement agreement, as discussed in Section 10.

"Remainder Parcel" means a Parcel created when a Tentative Map Parcel or Undeveloped Parcel is subdivided into Final Map Parcels and one or more remainder Parcels. Remainder Parcels are not Final Map Parcels, as defined in this section.

"Reserve Fund" means a fund that will be established for the purpose of providing Special Tax coverage for Debt Service costs.
"Special Tax(es)" means the Maximum One-Time Special Tax collected or the Backup Special Tax levied under the Act in the CFE.

"Special Tax Stabilization Fund" means a fund that will be established for the purpose of providing additional Special Tax coverage for debt service costs. In the event that Maximum One-Time Special Tax Revenues in a given Fiscal Year are not adequate to cover Annual Costs, the funds from the Special Tax Stabilization Fund may be used to pay Annual Costs.

"Subdivision" means a division of a Parcel into two or more Successor Parcels through the Subdivision Map Act process.

"Successor Parcel" means a Parcel created by the Subdivision of an Original Parcel or another Successor Parcel.

"Tax Collection Schedule" means the document prepared by the JPA for the County Auditor to use in levying and collecting the Backup Special Tax, if required, each Fiscal Year.

"Tax Escalation Factor" means a maximum factor of 5% that may be applied annually in each Fiscal Year after the Base Year to the Maximum One-Time Special Tax rate for a Taxable Parcel beginning the Fiscal Year following the Base Year. The Tax Escalation Factor for the Backup Special Tax is maximum factor of 2% that may be applied annually in each Fiscal Year after the Base Year. Once a Taxable Parcel is classified as a Developed Parcel, the Maximum One-Time Special Tax is no longer increased by the Tax Escalation Factor.

"Taxable Acres" means the acreage amount assigned to a Taxable Parcel which will be the basis for calculating the Special Tax. Assignment of the taxable Acres is initially made to a Taxable Parcel based on the Gross Developable Acres of the Original Parcel or Annexation Parcel. All Taxable Parcels that are Successor Parcels are allocated a share of the Taxable Acres of an Original Parcel or Successor Parcel when there is a Subdivision.

"Taxable Parcel" means any Parcel that is not a Tax-Exempt Parcel.

"Tax-Exempt Parcel" means a Parcel not subject to the Maximum One-Time Special Tax or the Backup Special Tax. Tax-Exempt Parcels are:

(i) Public Parcels,

(ii) Commercial/Other Use Parcels,
(iii) Parcels continuously used during the applicable Fiscal Year solely for recreation and/or open spaces uses, including but not limited to, golf courses and common open space Parcels.

(iv) Parcels that have paid the Cash Discount Payment during the Cash Discount Payment Period.

(v) Parcels having paid the Maximum One-Time Special Tax and

(vi) Parcels for which the Special Tax has been fully prepaid under Section 7 hereof.

"Tentative Map" means a tentative subdivision map as defined by the Subdivision Map Act.

"Tentative Map Parcel" means a Parcel with an approved Tentative Map and no higher level of development entitlement as defined in the Tax Formula. Once a Parcel is designated as a Tentative Map Parcel, it shall not be reassigned to a Parcel category with a lower Special Tax obligation, such as an Undeveloped Parcel.

"Trustee" means the entity acting as the trustee or fiscal agent, as applicable, under the Bond Indenture.

"Undeveloped Parcel" means a Taxable Parcel that is not a Final Map Parcel, or Tentative Map Parcel.

3. Determination of Parcels Subject to Special Tax

The Administrator shall prepare a list of the Parcels subject to the Special Tax. The Administrator shall identify the Taxable Parcels from a list of all Parcels within the CFD boundary by excluding all Tax-Exempt Parcels as of June 30 of the current Fiscal Year. Tax-Exempt Parcels that become Taxable Parcels during the Fiscal Year will become subject to the Maximum One-Time Special Tax during such Fiscal Year.

Commercial/Other Use Parcels will not be subject to the Maximum One-Time Special Tax and/or the Backup Special Tax.

4. Termination of the Special Tax and/or the Backup Special Tax

The Maximum One-Time Special Tax and/or the Backup Special Tax will be levied and collected for as long as needed to pay the principal and interest on debt and other costs incurred in order to construct the Authorized Facilities and to pay the Annual Costs.
However, in no event shall the Maximum One-Time Special Tax and/or the Backup Special Tax be levied on any Parcel in the CFD after Fiscal Year 2052-2053.

When all Annual Costs incurred by the CFD have been paid, the Maximum One-Time Special Tax and/or the Backup Special Tax shall cease to be collected or levied. The Administrator shall direct the County Recorder to record a Notice of Cessation of Special Tax when a Developed Parcel has paid in full the One-Time Special Tax. Such notice will state that the obligation to pay the Special Tax has ceased and that the lien imposed by the Notice of Special Tax Lien is extinguished. The Notice of Cessation of Special Tax shall additionally identify the book and page of the Book of Maps of Assessment and Community Facilities Districts where the map of the boundaries of the CFD is recorded.

5. Calculation, Levy, and Collection of Maximum One-Time Special Tax

In each Fiscal Year the Maximum One-Time Special Tax for the CFD will be calculated using the procedures outlined below. The Tax Escalation Factor will be applied annually to the Maximum One-Time Special Tax Rate for a Taxable Parcel beginning the Fiscal Year following the Base Year.

A. Calculation of the Maximum One-Time Special Tax – Original Parcels. The Maximum One-Time Special Tax is charged to a Parcel prior to the recording of a Final Map for such Parcel. The Maximum One-Time Special Tax is calculated by multiplying the Maximum One-Time Special Tax in effect that Fiscal Year by the Gross Developable Acres assigned to the Parcel. Attachment 1 shows the Maximum One-Time Special Tax for Original Parcels in the Base Year.

B. Calculation of the Maximum One-Time Special Tax – Successor Parcels. Successor Parcels are assigned a Maximum One-Time Special Tax using one of the following steps.

1. Tentative Map Parcels. The Subdivision of an Original Parcel or Successor Parcel that results in the creation of Tentative Map Parcels will be assigned a Maximum One-Time Special Tax using the following steps.

   a. Determine the Taxable Acres for each Successor Parcel created by the Subdivision.
   b. Sum the Taxable Acres for all Successor Parcels created by the Subdivision.
c. Divide the Taxable Acres for each Successor Parcel from Step 1 by the sum of the Taxable Acres calculated in Step 2 to determine a percentage for each Successor Parcel created by the Subdivision.

d. Determine the Maximum One-Time Special Tax for the Original Parcel or Successor Parcel which is subject to the Subdivision. If more than one Original and/or Successor Parcels are being subdivided, sum the Maximum One-Time Special Tax for each such Parcel.

e. Multiply the Maximum One-Time Special Tax calculated in the previous step by the percentage calculated in Step 4 above to calculate the Maximum One-Time Special Tax for each Successor Parcel.

f. Update Attachment 1 showing the new Successor Parcels by Assessor’s Parcel Number and calculated Maximum Annual Special Tax. There shall be no reduction in the Maximum CFD Revenue as a result of the creation of new Successor Parcels.

2. Final Map Parcels with a Remainder Parcel. Original or Successor Parcels for which a Final Map will be recorded are required to make a Prepayment of the Special Tax obligation. The Prepayment is payable to the JPA prior to the recording of the Final Map. The Subdivision of an Original Parcel or Successor Parcel that results in the creation of Final Map Parcels with a Remainder Parcels will be assigned a Maximum One-Time Special Tax using the following steps:

Step

a. Determine the Cross Developable Acres for the Original Parcel(s) and/or Taxable Acres for Successor Parcels subject to the Subdivision.

b. Sum the Taxable Acres for all Remainder Parcels created by the Subdivision.

c. Subtract the amount calculated in Step 1 from the amount calculated in Step 2.

d. Divide the Taxable Acres for each Remainder Parcel from Step 3 by the sum of Cross Developable Acres and Taxable Acres calculated in Step 2 to determine a percentage for each Remainder Parcel created by the Subdivision.

e. Subtract the amount calculated in Step 4 from 1.00 to determine a percentage to be assigned to Final Map Parcels.
1. Determine the Maximum One-Time Special Tax for the Original Parcel or Successor Parcel which is subject to the Subdivision. If more than one Original and/or Successor Parcels are being subdivided, sum the Maximum One-Time Special Tax for each such Parcel.

g. Multiply the Maximum One-Time Special Tax calculated in the previous step by the percentage calculated in Step d above to calculate the Maximum One-Time Special Tax for each Remainder Parcel.

h. Multiply the Maximum One-Time Special Tax calculated in Step f by the percentage calculated in Step e above to determine the amount of Maximum One-Time Special Tax to be assigned to Final Map Parcels.

i. Divide the Maximum One-Time Special Tax calculated in Step k by the number of Final Map Parcels created by the recartography of the Final Map to determine the Maximum One-Time Special Tax for each Final Map Parcel.

j. Use this Maximum One-Time Special Tax to calculate the Prepayment using Section 7. If the property owner is permitted by the Administrator to make a Partial Prepayment, use the Maximum One-Time Special Tax calculated in this section to calculate the Partial Prepayment Factor in Section 7.

k. Update Attachment 1 showing the new Successor Parcels that are Remainder Parcels by Assessor’s Parcel Number and calculated Maximum One-Time Special Tax.

l. Update Attachment 1 showing the new Partial Prepayment Parcels created by the Subdivision by Assessor’s Parcel Number and calculated Maximum One-Time Special Tax.

m. Update Attachment 1 showing Full Prepayments for Taxable Parcels by Assessor’s Parcel Number, total amount of the Full Prepayment, property owner information, and the date of the Full Prepayment. This information will be used to calculate Reimbursements, if any. There shall be no deduction in the Maximum CTD Revenue as a result of the creation of new Successor Parcels.

3. Final Map Parcels with no Remainder Parcel. Original or Successor Parcels for which a Final Map will be recorded are required to make a Prepayment of the Special Tax obligation. The Prepayment is payable to the JPA prior to recordation of the Final Map. The Subdivision of an Original Parcel or Successor Parcel that results in the creation of Final Map Parcels with no
Remainder Parcel(s) will be assigned a Maximum One-Time Special Tax using the following steps.

1. Determine the Maximum One-Time Special Tax for the Original Parcel(s) and/or Successor Parcel(s) subject to the Subdivision.

2. Divide this Maximum One-Time Special Tax by the number of Single Family Residential Parcels created by the Final Map.

3. Use this Maximum One-Time Special Tax to calculate the Prepayment using Section 7. If the property owner chooses to make a Partial Prepayment, use the Maximum One-Time Special Tax calculated in this section to calculate the Partial Prepayment Factor in Section 7.

4. Update Attachment 1 showing the new Partial Prepayment Parcels created by the Subdivision by Assessor's Parcel Number and calculated Maximum One-Time Special Tax. Also update Attachment 1 showing Full Prepayments for Taxable Parcels by Assessor's Parcel Number, total amount of the Full Prepayment, property owner information, and the date of the Full Prepayment. This information will be used to calculate Reimbursements, if any. There shall be no reduction in the Maximum CFD Revenue as a result of the creation of new Successor Parcels.

C. Collection of the Maximum One-Time Special Tax. The Maximum One-Time Special Tax is to be collected by the IPA prior to the recording of a Final Map for such Parcel. Final Maps should not be recorded without prior collection of the Maximum One-Time Special Tax by the IPA, or its designee.

D. Partial Prepayment Parcels. The Maximum Annual Special Tax for a Partial Prepayment Parcel is calculated by first using the steps in Sections 5.A through 5.B. Multiply the Maximum One-Time Special Tax so calculated by the Partial Prepayment Factor for the Partial Prepayment Parcel to determine the Maximum One-Time Special Tax for the Parcel.

E. Conversion of a Tax-Exempt Parcel to a Taxable Parcel. If a Tax-Exempt Parcel is converted to a Taxable Parcel, it shall become subject to the Special Tax. The Maximum One-Time Special Tax for each such Parcel shall be calculated by multiplying Taxable Acreage of the Taxable Parcel by the Maximum One-Time Special Tax per Taxable Acre, as shown in Attachment 2.
F. Taxable Parcel Acquired by a Public Agency. A Taxable Parcel that is acquired by a public agency after the CFD is formed will remain subject to the applicable Special Tax unless the Special Tax obligation is satisfied pursuant to Section 53317.5 of the Government Code. An exception to this may be made, in connection with such acquisition, if a Tax-Exempt Parcel of comparable acreage becomes a Taxable Parcel, there is no net loss in Maximum CFD Revenue, and the Administrator agrees to the transfer.

G. Annexation Parcel. A Parcel may be annexed to the CFD after the CFD has been formed. In the event a Taxable Parcel is annexed to the CFD, the Maximum Annual Special Tax will be assigned multiplying the Maximum One-Time Special Tax per Taxable Acre, as shown in Attachment 2, by the Taxable Acreage assigned to the Parcel by the Administrator. Annexation Parcels will be required to also pay a Catch Up Special Tax in an amount equal to the amount of Special Tax that would have been levied against such Taxable Parcel if the Parcel had been an Original Parcel. The Catch Up Special Tax will be based on the development approvals in effect for the Parcel in each of the Fiscal Years for which the Parcel must pay a Catch Up Special Tax. Any Annexation Parcel that would have been classified as a Tentative Map Parcel at the time of the formation of the CFD will be subject to an additional 25 percent penalty charge, calculated on the amount of Catch Up Special Tax the Annexation Parcel is required to pay at annexation to the CFD.

6. Calculation and Levy of the Special Tax

In each Fiscal Year the Backup Special Tax for the CFD will be calculated using the procedures outlined below.

A. Calculation of the Backup Special Tax. Tentative Map Parcels and Undeveloped Parcels may be subject to a Backup Special Tax. If the revenue from collecting the Maximum One-Time Special Tax on Developed Parcels is not adequate to cover the Annual Costs, the following Backup Special Tax may be levied on Tentative Map Parcels and Undeveloped Parcels.

1. Tentative Map Parcels are assigned a Backup Special Tax based on the Gross Developable Acres created by the Tentative Map or for the Tentative Map Parcel multiplied by the Backup Special Tax per Gross Developable Acre for a Tentative Map Parcel, as shown in Attachment 2.
2. Undeveloped Parcels are assigned a Backup Special Tax based on the Taxable Acres multiplied by the Backup Special Tax per Taxable Acre for an Undeveloped Parcel, as shown in Attachment 2.

B. Setting the Annual Levy of the Backup Special Tax. The annual Backup Special Tax, if required, shall be established using the following:

1. Determine the Maximum One-Time Special Tax Revenue for Final Map Parcels from the collection of Maximum One-Time Special Tax currently on hand as of July 1st of the current Fiscal Year.

2. Determine the Maximum One-Time Special Tax Revenue for Partial Prepayment Parcels by levying the Maximum One-Time Special Tax for each Parcel at 100%.

3. Determine the amount of Annual Costs for the Fiscal Year.

4. If the sum of Maximum One-Time Special Tax Revenue currently on hand and Maximum One-Time Special Tax Revenue from Partial Prepayment Parcels to be levied is greater than the total amount of Annual Costs summed in the previous step, use the remaining Maximum One-Time Special Tax Revenue from Developed Parcels to reduce the amount of Outstanding Bonds through the early redemption of Bonds. No Backup Special Tax is levied.

5. If the amounts summed in Section 6.B.3 are greater than the Maximum One-Time Special Tax Revenue calculated in Section 6.B.1, and the Maximum One-Time Special Tax Revenue from Partial Prepayment Parcels calculated in Section 6.B.2, a Backup Special Tax will be levied using the steps below. In years that the Backup Special Tax is levied there will be no early redemption of Bonds.

Calculate the Backup Special Tax levy for each Taxable Parcel by the following steps:

Step 1: Levy the Backup Special Tax proportionally to 100% for each of the tax categories shown below, in the order shown, until the Maximum One-time Special Tax Revenue on hand, plus the amount of Backup Special Tax levied is just equal to the amount of Annual Costs Calculated in Section 6.B.3.

I. Tentative Map Parcels, then
2. Undeveloped Parcels.

Step 2: Levy on each Taxable Parcel the amount calculated above.

6. Prepare the Tax Collection Schedule, unless an alternative method of collection has been selected pursuant to Section 9, and send it to the County Auditor requesting that it be placed on the general, secured property tax roll for the Fiscal Year. The Tax Collection Schedule shall not be sent later than the date required by the Auditor for such inclusion.

The JPA shall make every effort to correctly calculate the Backup Special Tax for each Parcel. It shall be the burden of the taxpayer to correct any errors in the determination of the Parcels subject to the tax and the assignment of the Backup Special Tax to the Parcels.

As development and subdivision of the CFDO land uses take place, the JPA will maintain a file, available for public inspection, of each current Assessor’s Parcel Number within the CFDO, any Backup Special Tax levied in all Fiscal Years, if any, and the Maximum One-Time Special Tax and Backup Special Tax Revenues for all Parcels within the CFDO. This record shall show the calculation of the assigned Maximum One-Time Special Tax and Backup Special Tax, if any, to each Taxable Parcel.

7. Prepayment of Special Tax Obligation

A property owner may permanently or partially satisfy the Special Tax on a Parcel by full Prepayment or Partial Prepayment as permitted under Government Code Section 53344. The Partial Prepayment or Full Prepayment is calculated at recordation of the Final Map, or when a property owner wishes to prepay the Special Tax obligation for a Taxable Parcel. Following the full Prepayment of the Special Tax obligation, the Administrator will direct the County Recorder to record a Notice of Cessation of Special Tax.

The Administrator shall permit Partial Prepayments for a Parcel or group of Parcels only where:

- The Partial Prepayment will not jeopardize the ability of the JPA to make timely payments of Debt Service on Outstanding Bonds,
- The property owner is not delinquent in the payment of Special Taxes levied against the Parcel, and
• The resulting Maximum Annual Special Tax on the Partial Prepayment Parcel, when added to all other property taxes, special taxes, and assessments, does not exceed 1.6% of the estimated sales price of the Parcel with a finished residential unit, or the estimated low end price of a finished residential unit on more than one Parcel, as determined by the Administrator.

The Prepayment amount shall be established by following the steps below.

**PREPAYMENT**

The Prepayment of the Special Tax obligation is determined by adding the Maximum One-Time Special Tax to the expenses incurred by the JPA in connection with the Prepayment calculation or the application of the proceeds of the Prepayment. The Maximum One-Time Special Tax is increased by the Tax Escalation Factor in each Fiscal Year after the Base Year.

**The Calculation of the Full Prepayment Amount:**

1. Using the Definitions in Section 2, and the steps in Section 5, assign the Maximum One-Time Special Tax for the Fiscal Year following the current Fiscal Year to the prepaying Parcel.

2. Add to the Maximum One-Time Special Tax assigned in the previous step any prepayment penalties due as a result of the early redemption of Bonds, interest accrued through the next Bond call date, and any other costs incurred by the JPA as a result of the early call of Bonds, if any.

**The Calculation of the Partial Prepayment Amount:**

If the Prepayment is a Partial Prepayment, then the property owner shall designate a Partial Prepayment amount for the Parcel (or group of such Parcels) for which the Special Tax is to be partially prepaid but which, based upon a calculation provided by the Administrator, will provide sufficient funds for a Bond call in a whole number multiple of $5,000. The Administrator shall determine the Partial Prepayment Factor by the following procedure:

1. Subtract the amount of the Partial Prepayment from the total amount of Maximum One-Time Special Tax assigned to the prepaying Parcel as calculated using the provisions in Section 5.
2. Divide the result of Step 1 by the total amount of Maximum One-Time Special Tax assigned to the paying Parcel as calculated using the provisions in Section 8. This calculation is the Partial Prepayment Factor.

3. If a Partial Prepayment had previously been made for this Parcel, add the amount of all previous Partial Prepayment to the Partial Prepayment amount in Step 1, and then perform the Partial Prepayment Factor calculation, beginning with Step 1.

8. Appeals

The Administrator or designee has the authority to make necessary administrative adjustments to the Rate and Method of Apportionment in order to remedy any portions of the Special Tax formula that require clarification.

Any taxpayer who feels that the amount of the Special Tax assigned to a Parcel is in error may file a notice with the Administrator appealing the levy of the Special Tax as to that Parcel. The Administrator will then promptly review the appeal, and if necessary, meet with the applicant. If the Administrator verifies that the tax should be modified or changed, a recommendation at that time will be made to the Board and, as appropriate, the levy of the Special Tax as to that Parcel shall be corrected and, if applicable in any case, a refund shall be granted.

Interpretations may be made by Resolution of the Board for purposes of clarifying any vagueness or ambiguity as it relates to the Special Tax rate, the method of apportionment, the classification of properties, or any definition applicable to the CFD.

9. Manner of Collection

The Maximum One-Time Special Tax will be collected by the County prior to the recording of a Final Map for a Taxable Parcel. The County shall remit the Maximum One-Time Special Taxes to the JPA once a month.

The Backup Special Tax, if required, will be collected in the same manner and at the same time as all current property taxes, provided, however, that the Board or its designee may directly bill the Backup Special Tax and may collect the Backup Special Tax at a different time, such as on a monthly or other periodic basis, or in a different manner, if necessary, to meet its financial obligations.
10. Reimbursements

Flood control and levee improvement costs funded by the CFD Bond or Special Taxes of the CFD may be reduced through other funding sources or additional revenue sources from the initial estimates at CFD formation. The complete funding obligation of the CFD may not be known for some time. As a result, some Parcels may be required to prepay a greater amount of the Special Tax obligation than the finance plan requires. The Administrator will determine if any Reimbursements are due to Prepayment Parcels. Reimbursements of Prepayments will only be made if such payments do not jeopardize the ability of the JPA to make timely payments of Debt Service on Outstanding Bonds or to fund any other required Annual Costs.

Sources of funds available for Reimbursements may come from the following sources:

- Additional Special Tax revenue of the CFD not required for other Annual Costs;
- [JPA fee revenue from non-CFD parcels and exempt land uses, such as commercial uses;]
- Grants or other funding sources; and/or
- Catch Up Special Taxes

11. CFD Record to be Maintained

Attachment 1 contains a list of all Original Parcels (by Assessor’s Parcel Number), project name, Gross Developable Acres, Parcel classification, Parcel status, Maximum Annual Special Tax per Gross Developable Acre, Maximum Annual Special Tax per Parcel, Prepayment year, and Prepayment amount.

As Subdivisions of Original Parcels occur, the Administrator will update Attachment 1, showing Successor Parcels (by Assessor’s Parcel Number) created by Subdivisions, project name, Gross Developable Acres, Parcel classification, Parcel status, Maximum Annual Special Tax per Gross Developable Acre, Maximum Annual Special Tax per Parcel, Prepayment year, and Prepayment amount. Once the Special Tax is prepared for a Fiscal Year, the Administrator will include all Parcels in the CFD in the updated Attachment 1 and attach this table to the Special Tax Formula. The Administrator will note the date of the update in Attachment 1 as updates are made.

The annual update of Attachment 1 provides a record of Prepayments for Parcels in previous years. As funds become available to provide Reimbursements, these records
will be used to recalculate Prepayments for Parcels in previous Fiscal Years to determine if a Reimbursement is due to such Parcels.
## Attachment 1
Three Rivers Lease Improvement Authority
Community Facilities District No. 2004-1
Maximum One-Time Special Tax Per Original Parcels [1]

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<th>Assessor’s Parcel Number</th>
<th>Project Name</th>
<th>Original Parcel</th>
<th>Development Approval</th>
<th>Gross Developable Acres</th>
<th>Maximum One-Time Special Tax Per Gross Developable Acres</th>
<th>Original Parcel Maximum One-Time Special Tax</th>
<th>Prepayment Year</th>
<th>Prepayment Amount</th>
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<td>Original Parcel</td>
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<td>Tentative Map</td>
<td>$22,950</td>
<td>$3,946,352</td>
<td>n/a</td>
<td>9.77%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>02-050-003</td>
<td>River Oak North</td>
<td>Original Parcel</td>
<td>Tentative Map</td>
<td>$22,950</td>
<td>$3,946,352</td>
<td>n/a</td>
<td>9.77%</td>
<td></td>
<td></td>
</tr>
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<td>02-050-004</td>
<td>River Oak North</td>
<td>Original Parcel</td>
<td>Tentative Map</td>
<td>$22,950</td>
<td>$3,946,352</td>
<td>n/a</td>
<td>9.77%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Totals:**

- **Tentative Map Acres:** 1,468,475
- **Proposed Tax:** $39,348,452

[1] Original Parcels are assigned a Maximum One-Time Special Tax based on the Gross Developable Acres of a parcel multiplied by the Maximum One-Time Special Tax per Gross Developable Acres. As a Parcel is subdivided into successor Parcels, there shall be no net loss of Maximum CFD Revenue. Taxable Parcels must either fully or partially employ the Special Tax obligation prior to sell/lease of a final map. This table will be updated each Fiscal Year by the Administrator and used to calculate future Special Taxes.


[5] The Maximum One-Time Special Tax Per Gross Developable Acres is increased by 2% annually in each Fiscal Year following the Base Year of 2004-2005.
<table>
<thead>
<tr>
<th>Land Use</th>
<th>Base Year</th>
<th>Maximum Special Tax</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Maximum One-Time Special Tax</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Taxable Parcels</td>
<td>[1]</td>
<td>$23,500</td>
</tr>
</tbody>
</table>

(1) The Maximum One-Time Special Tax is increased by 3%, annually in each Fiscal Year following the Base Year of 2004-2005.

(2) The Backup Special Tax is increased by 2% annually in each Fiscal Year following the Base Year of 2004-2005.

(3) Tentative Map and Undeveloped Parcels may be levied on a Bitcoin Special Tax if the Maximum One-Time Special Tax collections from Taxable Parcels are inadequate to finance the CDE Annual Costs.
EXHIBIT C
THREE RIVERS LEVEE IMPROVEMENT AUTHORITY
COMMUNITY FACILITIES DISTRICT NO. 2004-1
(SOUTH COUNTY AREA)

NOTICE OF PUBLIC HEARING

Notice is hereby given that on August 24, 2004, the Board of Directors of the Three Rivers Levee Improvement Authority adopted a Resolution entitled “Resolution Declaring Intention To Establish A Community Facilities District And To Authorize The Levy Of Special Taxes Therein – South County Area.” Pursuant to the Mello-Roos Community Facilities Act of 1982, the Board of Directors of the Authority hereby gives notice as follows:

A. The text of said Resolution of Intention is as follows:

WHEREAS, under the Mello-Roos Community Facilities Act of 1982, constituting Section 53311 et seq. of the California Government Code (the “Law”), this Board of Directors of the Three Rivers Levee Improvement Authority (the “Authority”) may commence proceedings for the establishment of a community facilities district; and

WHEREAS, there is a need for various levee and related improvements in the southern portion of the County of Yuba (the “County”), and the Authority has received Petitions (including Waiver) from various property owners in such area requesting that the Authority form a community facilities district under the Law to be known as the Three Rivers Levee Improvement Authority Community Facilities District No. 2004-1 (South County Area) (the “District”) to finance such improvements and related costs; and

WHEREAS, under the Law, this Board of Directors is the legislative body for the proposed District and is empowered with the authority to establish the District and levy special taxes within the District; and

WHEREAS, this Board of Directors now desires to proceed with the actions necessary to consider the establishment of the District.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Three Rivers Levee Improvement Authority as follows:

Section 1. This Board of Directors proposes to begin the proceedings necessary to establish the District pursuant to the Law.

Section 2. The name proposed for the District is the Three Rivers Levee Improvement Authority Community Facilities District No. 2004-1 (South County Area).

Section 3. The proposed boundaries of the District are as shown on the map of the District on file with the Secretary of the Authority, which boundaries are hereby preliminarily approved. The Secretary is hereby directed to record, or cause to be recorded, the map of the boundaries of the District in the office of the Yuba County Recorder as soon as practicable after the adoption of this Resolution.

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Receipt of the Petitions (Including Waiver) requesting formation of the District from each of the property owners in the area included within the boundaries of the proposed District, as shown on the map, is hereby acknowledged.

Section 4. The types of public facilities (the "Facilities") proposed to be eligible for funding by the District and pursuant to the Law shall consist of those items listed on Exhibit A hereto under the heading "Facilities," which Exhibit is by this reference incorporated herein.

The Executive Director is hereby authorized and directed to enter into a joint community facilities agreement with any other public entity that will own and/or operate any of the Facilities, such agreements to be in a form provided by Bond Counsel.

Section 5. Except to the extent that funds are otherwise available to the District to pay for the Facilities, and/or to pay the principal and interest as it becomes due on bonds of the District issued to pay for the Facilities, a special tax sufficient to pay the costs thereof, secured by recording of a continuing lien against all non-exempt real property in the District, will be levied within the District and collected in the same manner as ordinary ad valorem property taxes or in such other manner as this Board of Directors or its designee shall determine, including direct billing of the affected property owners. The proposed rate and method of apportionment of the special tax among the parcels of real property within the District, in sufficient detail to allow each landowner within the proposed District to estimate the maximum amount such owner will have to pay, and which specifies the tax year after which no further special tax will be levied on land used for private residential purposes and which otherwise complies with applicable provisions of the Law is described in Exhibit B attached hereto which Exhibit is by this reference incorporated herein.

This Board of Directors finds that the provisions of Section 53313.6, 53313.7 and 53313.9 of the California Government Code (relating to adjustments to ad valorem property taxes and schools financed by a community facilities district) are inapplicable to the District.

Section 6. It is the intention of this Board of Directors, acting as the legislative body for the District, to cause bonds of the Authority to be issued for the District pursuant to the Law to finance a portion of the costs of the Facilities. If so issued, the bonds shall be in the aggregate principal amount of not to exceed $53,000,000, shall bear interest payable semi-annually or in such other manner as this Board of Directors shall determine, at a rate not to exceed the maximum rate of interest as may be authorized by applicable law at the time of sale of such bonds, and shall mature not to exceed 30 years from the date of the issuance thereof.

Section 7. This Board of Directors reserves to itself the right and authority to allow any interested owner of property in the District, subject to the provisions of Section 53344.1 of the California Government Code and such requirements as it may otherwise impose, and any applicable prepayment penalties as prescribed in the indenture or fiscal agent agreement for any bonds of the Authority for the District, to tender to the Auditor of the Authority in full payment or partial payment of all installment of special taxes or the interest or penalties thereon which may be due or delinquent, but for which a bill has been received, any bond or other obligation secured thereby, in the manner described in Section 53344.1 of the California Government Code.

Section 8. The levy of said proposed special tax shall be subject to the approval of the qualified electors of the District at a special election. The proposed voting procedure shall be by mailed or hand-delivered ballot among the landowners in the proposed District, with each owner having one vote for each acre or portion of an acre of land such owner owns in the District.

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Section 9. Except as may otherwise be provided by law or the rate and method of apportionment of the special tax for the District, all lands owned by any public entity, including the United States, the State of California and/or the County of Yuba (the “County”), or any departments or political subdivisions of any thereof, shall be omitted from the levy of the special tax to be made to cover the costs and expenses of the Facilities, the issuance of bonds by the Authority for the District and any expenses of the District.

Section 10. The Director of Public Works of the County of Yuba is hereby directed to study said proposed Facilities and to make, or cause to be made, and file with the Secretary a report in writing, presenting the following:

(a) A brief description of the Facilities.

(b) An estimate of the fair and reasonable cost of providing the Facilities, including the incidental expenses in connection therewith, including the costs of the proposed bond financing, any Authority or County administrative costs and all other related costs.

Said report shall be made a part of the record of the public hearing provided for below.

Section 11. Tuesday, September 28, 2004, at 1:00 p.m. or as soon thereafter as the matter may be heard, in the regular meeting place of this Board of Directors, Board of Supervisors Chambers, Government Center, 915 Eighth Street, Marysville, California, be and the same are hereby appointed and fixed as the time and place when and where this Board of Directors, as legislative body for the District, will conduct a public hearing on the establishment of the District and consider and finally determine whether the public interest, convenience and necessity require the formation of the District and the levy of said special tax.

Section 12. The Secretary is hereby directed to cause notice of said public hearing to be given by publication one time in a newspaper published in the area of the District. The publication of said notice shall be completed at least seven days before the date herein set for said hearing. Said notice shall be substantially in the form of Exhibit C hereto.

Section 13. This Board of Directors hereby determines that public convenience and necessity require that territory be added to the District in the future, and that this Resolution shall constitute a resolution of intention to annex territory to the District pursuant to Sections 53339.2 and 53339.3 of the Law. The name for the District is the Three Rivers Levee Improvement Authority Community Facilities District No. 2004-1 (South County Area). The territory proposed for annexation to the District in the future is as indicated as such on the map of the District described in Section 3 above (the “Annexation Area”); provided that such territory may be annexed to the District only with the unanimous approval of the owner or owners of each parcel or the parcels to be annexed at the time that parcel or those parcels are so annexed. The types of facilities to be provided in the District and in the Annexation Area are the “Facilities” referenced in Section 4 above, and such Facilities shall be shared equally by all parcels to be included in the District and in the Annexation Area. The special taxes which will be levied in the Annexation Area shall be the same as those described in Section 5 above, and there shall be no alteration in the special tax rate levied in the District as a result of the proposed annexation except as may occur by operation of the Rate and Method of Apportionment of Special Tax in Exhibit B solely as a result of additional territory being included within the District. The hearing regarding the proposed annexation described in this Section 13 and required by Section 53339.3(f) of the Law shall be combined with the hearing described in Section 11 above, and the notice described in Section 12 above shall constitute the notice required by Section 53339.4 of the Law.
Section 14. The firms of Fieldman, Rolapp & Associates, Economic & Planning Systems, Stone & Youngberg LLC, Seecers Jordan Ziegenneyer, MAI, Quint & Thuning LLP and Nosannan, Guthner, Knox & Elliott, LLP are hereby designated as financial adviser, special tax consultant, underwriter, appraiser, bond counsel and disclosure counsel, respectively, to the Authority for the District. The Executive Director is hereby authorized to execute agreements with said firms for their services related to the District provided that all fees and expenses of such firms are payable solely from funds legally available for such purpose, including the proceeds of bonds, if any, issued by the Authority for the District.

Section 15. This Resolution shall take effect upon its adoption.

B. The exhibits to the Resolution which describe the facilities eligible to be funded by, and the rate and method of apportionment of the special taxes for, the district are on file in the office of the Secretary of the Authority.

C. The time and place established under said Resolution for the public hearing required under the Act are Tuesday, September 28, 2004, at the hour of 1:00 p.m. or as soon thereafter as the matter may be heard, in the regular meeting place of the Board of Directors, Board of Supervisors Chambers, Government Center, 915 Eighth Street, Marysville, California.

D. At said hearing, the testimony of all interested persons or taxpayers for or against the establishment of the district, the extent of the district or the furnishing of the specified types of facilities or other specific purposes of the district will be heard. Any person interested may file a protest in writing with the Secretary. If fifty percent or more of the registered voters, or six registered voters, whichever is more, residing in the territory proposed to be included in the district, or the owners of one-half or more of the area of land in the territory proposed to be included in the district and not exempt from the special tax file written protests against the establishment of the district and the protests are not withdrawn to reduce the value of the protests to less than a majority, the Board of Directors shall take no further action to establish the district or levy the special taxes for a period of one year from the date of the decision of the Board of Directors, and if the majority protests of the registered voters or the landowners are only against the furnishing of a type or types of facilities within the district or a specific purpose of the district, or against levying a specified special tax, those types of facilities, or those specific purposes or the specified special tax will be eliminated from the proceedings to form the district.

In addition to the foregoing, at said hearing, the testimony of all interested persons for or against the future annexation of territory to the district (as described in Section 13 of the Resolution) or the levying of special taxes within the territory proposed to be annexed to the district in the future will be heard.

E. The proposed voting procedure shall be by special mail or hand-delivered ballot to the property owners within the territory proposed to be included in the district.

Dated: September __, 2004

/s/ Donna Stottlemeyer
Secretary,
Three Rivers Levee Improvement Authority

C-4
BEFORE THE BOARD OF DIRECTORS
OF THREE RIVERS LEVEE IMPROVEMENT AUTHORITY

In Re:

RESOLUTION DECLARING INTENTION TO INCUR
BONDED INDEBTEDNESS OF THE PROPOSED
THREE RIVERS LEVEE IMPROVEMENT AUTHORITY
COMMUNITY FACILITIES DISTRICT NO. 2004-1
(SOUTH COUNTY AREA)

Reso ution No. ___

WHEREAS, this Board of Directors has this date adopted its Resolution entitled "Resolution Declaring Intention to Establish a Community Facilities District and To Authorize the Levy of Special Taxes Therein – South County Area," stating its intention to form a community facilities district pursuant to the Mello-Roos Community Facilities Act of 1982 (the "Law"), for the purpose of financing a portion of costs of certain levee and related improvements (the "Facilities"), as further provided in said Resolution; and

WHEREAS, this Board of Directors estimates the amount required for the financing of the portion of costs of the Facilities to be funded by the District (as defined below) to be not in excess of $30,000,000, and

WHEREAS, in order to finance said portion of the costs of the Facilities, it is necessary to incur bonded indebtedness in the amount of not to exceed $33,000,000.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Three Rivers Levee Improvement Authority as follows:

Section 1. It is necessary to incur bonded indebtedness within the boundaries of the proposed Three Rivers Levee Improvement Authority Community Facilities District No. 2004-1 (South County Area) (the "District") in the amount of not to exceed $33,000,000 to finance a portion of the costs of the Facilities.

Section 2. The bonded indebtedness is proposed to be incurred for the purpose of financing a portion of the costs of the Facilities, including costs incidental to or connected with the accomplishment of said purposes and of the financing thereof.

Section 3. This Board of Directors, acting as legislative body for the District, intends to authorize the issuance and sale of bonds in one or more series the maximum aggregate principal amount of $33,000,000, bearing interest payable semi-annually or in such other manner as this Board of Directors shall determine, at a rate not to exceed the maximum rate of interest as may be authorized by applicable law at the time of sale of such bonds, and maturing not to exceed thirty (30) years from the date of the issuance of said bonds.
Section 4. Tuesday, September 28, 2004, at 1:00 p.m. or as soon thereafter as the matter may be
heard, in the regular meeting place of this Board of Directors, Board of Supervisors Chambers,
Government Center, 915 Eighth Street, Marysville, California, be, and the same are hereby appointed and
fixed as the time and place when and where this Board of Directors, as legislative body for the District,
will conduct a public hearing on the proposed debt issue and consider and finally determine whether the
public interest, convenience and necessity require the issuance of bonds of the Authority for the District.

Section 5. The Secretary is hereby directed to cause notice of said public hearing to be given by
publication one time in a newspaper of general circulation circulated within the District. The publication
of said notice shall be completed at least seven (7) days before the date herein set for said public hearing.
The notice shall substantially in the form of Exhibit A hereto.

Section 6. This Resolution shall take effect upon its adoption.

********

PASSED AND ADOPTED this 24th day of August, 2004, by the Board of Directors of the Three
Rivers Levee Improvement Authority, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Chairperson

ATTEST: DONNA STOTTLEMEYER,
SECRETARY

APPROVED AS TO FORM: COUNSEL TO THE
AUTHORITY, DANIEL MONTGOMERY

2004/09/21 12:34 AM
5:17 PM
EXHIBIT A

THREE RIVERS LEVEE IMPROVEMENT AUTHORITY
COMMUNITY FACILITIES DISTRICT NO. 2004-1
(SOUTH COUNTY AREA)

NOTICE OF PUBLIC HEARING

Notice is hereby given that on August 24, 2004, the Board of Directors of the Three Rivers Levee Improvement Authority adopted a Resolution entitled “Resolution Declaring Intention To Incur Bonded Indebtedness of the Proposed Three Rivers Levee Improvement Authority Community Facilities District No. 2004-1 (South County Area).” Pursuant to the Mello-Roos Community Facilities Act of 1982, the Board of Directors of the Authority hereby give notice as follows:

A. The text of said Resolution is as follows:

WHEREAS, this Board of Directors has this date adopted its Resolution entitled “Resolution Declaring Intention to Establish a Community Facilities District and To Authorize the Levy of Special Taxes Therein – South County Area,” stating its intention to form a community facilities district pursuant to the Mello-Roos Community Facilities Act of 1982 (the “Law”), for the purpose of financing a portion of costs of certain levee and related improvements (the “Facilities”), as further provided in said Resolution; and

WHEREAS, this Board of Directors estimates the amount required for the financing of the portion of costs of the Facilities to be funded by the District (as defined below) to be not in excess of $30,000,000; and

WHEREAS, in order to finance said portion of the costs of the Facilities, it is necessary to incur bonded indebtedness in the amount of not to exceed $33,000,000.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Three Rivers Levee Improvement Authority as follows:

Section 1. It is necessary to incur bonded indebtedness within the boundaries of the proposed Three Rivers Levee Improvement Authority Community Facilities District No. 2004-1 (South County Area) (the “District”) in the amount of not to exceed $33,000,000 to finance a portion of the costs of the Facilities.

Section 2. The bonded indebtedness is proposed to be incurred for the purpose of financing a portion of the costs of the Facilities, including costs incidental to or connected with the accomplishment of said purposes and of the financing thereof.

Section 3. This Board of Directors, acting as legislative body for the District, intends to authorize the issuance and sale of bonds in one or more series the maximum aggregate principal amount of $33,000,000, bearing interest payable semi-annually or in such other manner as this Board of Directors shall determine, at a rate not to exceed the maximum rate of interest as may be authorized by applicable law at the time of sale of such bonds, and maturing not to exceed thirty (30) years from the date of the issuance of said bonds.

A-1
Section 4. Tuesday, September 28, 2004, at 1:00 p.m. or as soon thereafter as the matter may be heard, in the regular meeting place of this Board of Directors, Board of Supervisors Chambers, Government Center, 915 Eighth Street, Marysville, California, he, and the same are hereby appointed and fixed as the time and place when and where this Board of Directors, as legislative body for the District, will conduct a public hearing on the proposed debt issue and consider and finally determine whether the public interest, convenience and necessity require the issuance of bonds of the Authority for the District.

Section 5. The Secretary is hereby directed to cause notice of said public hearing to be given by publication one time in a newspaper of general circulation circulated within the District. The publication of said notice shall be completed at least seven (7) days before the date herein set for said public hearing. The notice shall substantially in the form of Exhibit A hereto.

Section 6. This Resolution shall take effect upon its adoption.

B. The hearing referred to in the aforesaid Resolution shall be at the time and place specified in the Resolution.

C. At that time and place any person interested, including persons owning property in the area of the proposed community facilities district, will be heard upon the proposed debt issue.

Dated: September __, 2004

/\ Donna Settlemyer
Secretary,
Three Rivers Levee Improvement Authority
August 24, 2004

TO: Three Rivers Levee Improvement Authority Board
FROM: Randy Margo, Assistant County Administrator
SUBJECT: Amendment to MBK Engineers Contract

Recommended Action

Extend the scope and cost ceiling for MBK Engineers to provide project management support services through September 7, 2004.

Discussion

The purpose of this contract amendment is to have MBK Engineers continue its work in securing appropriate permits and approvals from State and Federal in order to construct levee improvements in the South Yuba Basin. This contract extension will allow the Authority to have continued support while determining its long term staffing needs.

Fiscal Impact

The total cost of this contract amendment is $8,000, increasing the cost ceiling for this contract from $189,300 to $197,300.
August 3, 2004

Randy Margo
Three Rivers Levee Improvement Authority
915 8th Street, Ste. 115
Marysville, CA 95901

Subject: Agreement for Professional Services
5th Amendment to Scope of Work for Project Management Support for the
Three Rivers Levee Improvement Authority

Dear Mr. Margo:

Enclosed is the 5th Amendment to our Professional Services Agreement for the subject project. This document outlines a cost proposal for project management support for issues related to levee improvements on the Bear River, Western Interceptor Canal, and Yuba River.

The intent of this 5th amendment is to expand the scope and cost ceiling to provide project management support services through September 7, 2004. The scope of Amendment 4 was developed under the assumption that construction of the project would begin in August, 2004. Since we have run into challenges with obtaining a Reclamation Board encroachment permit, construction has been delayed. As a result we have shifted our focus to try and construct repairs to the Yuba River levee before the 2004-2005 flood season and add the Bear River, WPIC, and Yuba River levee improvements to the Proposition 13 program. The intent of the scope is to allow the JPA to have continued support while determining long term staffing needs. The total cost for this amendment is $8,000, increasing the cost ceiling for this contract from $189,300 to $197,300.

We have enclosed two copies of MBK’s standard contract. Please sign both copies and return one copy to MBK.

Please call if you have any questions.

Sincerely,

MBK ENGINEERS

Rie Reinhardt, PE

Enclosures
Agreement for Professional Services – Standard Terms and Conditions

This Agreement for professional services is entered into between MBK Engineers, hereinafter referred to as the CONSULTANT and the Three Rivers Levee Improvement Authority, hereinafter referred to as the CLIENT.

For and in consideration of the mutual covenants and conditions herein, CLIENT and CONSULTANT do hereby agree as follows:

1. Covenant for services

The CLIENT does hereby retain the CONSULTANT to perform the professional services identified herein. The CONSULTANT does hereby agree to perform such services for the CLIENT upon the terms and conditions set forth in this AGREEMENT.

2. Scope of service

The CONSULTANT will provide all goods and services as set forth in the Scope of Work, attached hereto and incorporated by reference in this AGREEMENT as Attachment A.

3. Standard of care

CONSULTANT will strive to perform services under this AGREEMENT in a manner consistent with that level of care and skill ordinarily exercised by members of the same profession currently practicing in the same locality under similar conditions. No other representation, express or implied, and no warranty or guarantee is included or intended in this AGREEMENT, or in any report, opinion, document, or otherwise. CLIENT understands that the standard of care CONSULTANT is required to uphold can only be determined after the fact, through appropriate research by qualified experts. CLIENT agrees that, should it for any reason become necessary to identify the standard of care applicable to CONSULTANT’s services, CLIENT shall cause CLIENT’s expert to use those research methods agreed to by the American Society of Civil Engineers, American Institute of Architects, National Society of Professional Engineers, International Council on Environmental Design, American Association of Engineering Societies, and other respected national, regional, and international organizations, as related in the document, Recommended Practices for Design Professionals Engaged as Experts in the Resolution of Construction Industry Disputes.

4. Definitions

When used in this AGREEMENT, the words and phrases listed below are defined as indicated, unless noted otherwise elsewhere in this AGREEMENT:

Agreement

This contract, including all appendices, addenda, and any documents incorporated by reference.

Any Claim

This term, when used in a provision indicating CLIENT’s obligation to waive claims against CONSULTANT or to hold CONSULTANT harmless from any claim arising from certain specified events, means “any claim in contract, tort, or statute alleging negligence, errors, omissions, strict liability, substantial breach of warranty, breach of contract, breach of warranty, negligent misrepresentation, or other acts giving rise to liability.”

Certification

Wherever these or derivative words are used in the AGREEMENT, or in any document developed or arising out of this AGREEMENT or services furnished by CONSULTANT thereunder, they shall mean CONSULTANT’s furnishing an opinion of conditions based upon testing, analyses, or observation CONSULTANT has performed. CONSULTANT’s certification of a condition’s existence does not guarantee such condition exists, nor does it relieve other party of responsibilities or obligations such party has accepted by contract or custom.

Client

See “Any Claim,” above.

Client

Three Rivers Levee Improvement Authority.

Consultant

The firm of MBK Engineers, subsidiaries and affiliates, and all officers and employees thereof.

Substantial Completion

Substantial completion of CONSULTANT’s services shall have been accomplished when CONSULTANT submits a final report and recommendations or final plans and specifications. If the AGREEMENT calling for these services is terminated before the services are completed, substantial completion will have occurred on the date termination goes into effect.

Page 1 of 4
5. Billing and payment

CLIENT recognizes that timely payment of CONSULTANT’s invoice is a material part of the consideration for which CONSULTANT requires to perform the services indicated in this AGREEMENT.

CLIENT shall pay CONSULTANT for services rendered in U.S. currency drawn upon U.S. banks, in accordance with the rates and charges set forth herein. Invoices will be submitted by CONSULTANT from time to time, but no more frequently than every two (2) weeks, and shall be paid and payable within thirty (30) calendar days of invoice date. If CLIENT objects to any portion of an invoice, CLIENT shall so notify CONSULTANT within fourteen (14) calendar days of the invoice date, identify the cause of the objection, and pay when due that portion of the invoice not in dispute.

CLIENT shall pay an additional charge of one-and-one-half (1.5) percent (or the maximum percentage allowed by law, whichever is lower) of the invoiced amount per month for any payment received by CONSULTANT more than thirty (30) calendar days from the date of the invoice, excepting any portion of the invoiced amount in dispute and reserved in favor of CLIENT. Payment thereafter shall first be applied to accrued interest and then to the principal unpaid amount.

Payment of invoices is in no case subject to unilateral discounting or set-offs by CLIENT.

Application of the percentage rates indicated above as a consequence of CLIENT’s late payments does not constitute any admission by CLIENT that it is in default on any installment of CONSULTANT’s part to finance CLIENT’s operation, and no such willingness should be inferred. If CLIENT fails to pay undisputed invoiced amounts within thirty (30) calendar days of the date of the invoice, as set forth hereinabove, CONSULTANT may at any time thereafter, without waiving any other claim against CLIENT and without thereby incurring any liability to CLIENT, suspend this AGREEMENT (as provided for in Section B. SUSPENSION) or terminate this AGREEMENT (as provided for in Section A. TERMINATION).

Accordingly, the CONSULTANT will provide all goods and services as set forth in the Scope of Work for the price described in the CONSULTANT’s Cost Proposal, attached hereto and incorporated by reference in this AGREEMENT as Attachment B.

6. Limitation of liability

CLIENT and CONSULTANT agree to allocate certain of the risks so that, to the fullest extent permitted by law, CONSULTANT’s total aggregate liability to CLIENT is limited to $50,000 prior to the proceeds available from CONSULTANT’s required insurance coverages, whichever is higher, for any and all injuries, damages, claims, losses, expenses, or claim expenses (including attorneys’ and expert witnesses’ fees) arising out of this AGREEMENT from any cause or cause.

Such causes include, but are not limited to, CONSULTANT’s negligence, errors, omissions, strict liability, statutory liability, breach of contract, breach of warranty, negligent misrepresentation, or other acts giving rise to liability based upon contract, tort, or statute.

7. Indemnification

CONSULTANT maintains workers’ compensation and employer’s liability insurance of a form and in the amount required by California state law; general liability and automobile liability insurance with limits of one million dollars ($1,000,000), and professional liability insurance with a limit of two million dollars ($2,000,000).

CLIENT recognizes that the insurance market can be erratic and that no CONSULTANT can guarantee an ability to maintain the coverages indicated above. CONSULTANT warrants that CONSULTANT will endeavor to do so, within a context of prudent business practice, and will notify CLIENT of any change in coverage no less than ten (10) calendar days after CONSULTANT becomes aware of such change. If any of CONSULTANT’s coverages is withdrawn, or if CONSULTANT decides to forego coverage because a replacement policy will afford inadequate protection and/or will require a significantly increased premium when compared to prior coverage, CONSULTANT and CLIENT shall confer about alternative, if any, and shall bargain in good faith in an attempt to achieve conditions acceptable to both parties.

8. Assignment

CONSULTANT agrees to hold harmless and indemnify CLIENT from and against liability to the extent caused by CONSULTANT’s negligent performance of the services.

CONSULTANT’S opinion of certain conditions that CONSULTANT has found reliable and/or may diminish the value of property. In order to establish an atmosphere where CONSULTANT will seek to report CONSULTANT’S opinion, recommendations for protective measures, et al., without fear of reprisal. CLIENT shall, to the fullest extent permitted by law, waive any claim against CONSULTANT, and indemnify, defend, and hold CONSULTANT harmless from any claim or liability for injury or loss arising from the theory that CONSULTANT’S findings, conclusions, opinions, recommendations, plans, or specifications diminish the value of a property. CLIENT shall also compensate CONSULTANT for any time spent or expenses incurred by CONSULTANT in defense of any suit claim. Such cooperation shall be based
Upon CONSULTANT's prevailing fee schedule and expense reimbursement policy, CONSULTANT shall indicate to CLIENT the information needed for rendering services hereunder, and CLIENT shall provide to CONSULTANT as much of such information that is available to CLIENT. CONSULTANT shall furnish these to CONSULTANT or otherwise help CONSULTANT gain access to them. CLIENT recognizes that CONSULTANT is unable to ensure the sufficiency of such information, either because doing so is impossible, or because of errors or omissions others may have committed when assembling the information. Accordingly, CLIENT shall, to the fullest extent permitted by law, waive any claim against CONSULTANT and indemnify, defend, and hold "CONSULTANT harmless from any claim or liability for injury or loss arising from alleged omissions, transmissions, or inaccuracies in documents or other information supplied to CONSULTANT by CLIENT. CLIENT also shall compensate CONSULTANT for any time spent or expenses incurred by CONSULTANT in defense of any such claim. Such compensation shall be based upon CONSULTANT's prevailing fee schedule.

9. Suspension
If payment of CONSULTANT's invoices is not maintained in a timely, (30)-calendar-day-current basis by CLIENT, CONSULTANT may, upon fourteen (14) calendar days' written notice to CLIENT, suspend further services until payment is restored to a current basis, or CONSULTANT may terminate this AGREEMENT. CLIENT may suspend CONSULTANT's services upon fourteen (14) calendar days' written notice. Any suspension by CLIENT exceeding forty-five (45) calendar days shall, at CONSULTANT's option, make this AGREEMENT subject to renegotiation or termination. Any suspension or termination of the performance schedule by an amount of time satisfactory to both CLIENT and CONSULTANT, and CLIENT shall compensate CONSULTANT for services performed and expenses incurred prior to the suspension date, plus suspension charges. Suspension charges shall include, but shall not be limited to, time for service and expenses for putting analyses and documents in order, rescheduling and leasing personnel and/or equipment, and issuing necessary or customary notices to appropriate government agencies. Compensation to CONSULTANT shall be based upon CONSULTANT's prevailing fee schedule.

10. Termination
CLIENT or CONSULTANT may terminate this AGREEMENT without penalty. The party initiating termination shall so notify the other party, and termination shall become effective fourteen (14) calendar days after receipt of the termination notice. Irrespective of which party effects termination or the cause thereof, CLIENT shall within thirty (30) calendar days of termination pay CONSULTANT's fees for services rendered and costs incurred, in accordance with CONSULTANT's prevailing fee schedule. These fees and costs shall include those outstanding at the time of termination.

11. Ownership of instruments of professional service
Plans, specifications, reports, software, calculations, field data, field notes, estimates, and similar documents and materials prepared by or for CONSULTANT as instruments of professional service are CONSULTANT's property. CONSULTANT shall retain these instruments of professional service for five (5) years following submission of final project deliverables, during which period CONSULTANT's instruments of professional service will be made available for CLIENT's review at any reasonable time. CLIENT agrees that instruments of professional service provided by CONSULTANT to CLIENT may not under any circumstances be utilized by any party except CONSULTANT. CLIENT warrants that CONSULTANT's instruments of service will be used only and solely as submitted by CONSULTANT.

CLIENT understands that CONSULTANT may become liable to third parties that it is indirectly rely on CONSULTANT's instruments of professional service under the reservation assumption that their third-party needs are identical to CLIENT's or that, although their needs differ from CLIENT's, CONSULTANT would nonetheless have performed the identical services to satisfy those different needs. To help prevent problems from arising in this respect, CLIENT shall inform CONSULTANT of any specific third parties or types of third parties that CLIENT believes may rely on CONSULTANT's instruments of professional service, and CLIENT shall not under any circumstances permit such reliance except with the express consent of CONSULTANT. CONSULTANT may withhold its consent if the third-party does not agree to, in writing, (1) to be bound by the terms of this AGREEMENT, including without limitation, any provision regarding CONSULTANT's liability hereunder, (2) to use such information only for the purposes contemplated by CONSULTANT in performing its services, and (3) to be bound by the qualifications and limitations expressed in the opinion, conclusions, certificate, or report involved. CLIENT's payment of CONSULTANT's invoices, as provided for herein, shall not be made contingent on CONSULTANT's agreeing to permit third-party reliance on CONSULTANT's instruments of professional service.
shall be compensated by CLIENT for whatever additional service and/or risk stems from third-party reliance, if the third-party does not provide compensation per terms and conditions herein. In addition, CLIENT shall, to the fullest extent permitted by law, waive any claim against CONSULTANT, and indemnify, defend, and hold CONSULTANT harmless from any claim or liability for injury to loss allegedly arising from any third-party’s reliance on CONSULTANT’s instruments of services without CONSULTANT’s specific authorization to do so. CLIENT also shall compensate CONSULTANT for any time spent or expenses incurred by CONSULTANT in defense of any such claim. Such compensation shall be based upon CONSULTANT’s prevailing fee schedule.

12. Dispute resolution.
All claims, disputes, or controversies arising out of, or in relation to the interpretation, application, enforcement, or implementation of this AGREEMENT or provision of the services indicated herein shall be gaged through mediation. The parties further agree that OWNER will require, as a condition for participation in the project and their agreement to perform labor or services, that all contractors, all subcontractors at all tiers, and all suppliers whose portion of the work amounts to five thousand dollars ($5,000) or more, and their insurers and sureties, shall agree to this procedure.

Should legal action be brought by one party against the other, the nonprevailing party shall reimburse the prevailing party for the prevailing party’s documented legal costs, in addition to whatever other judgments or settlement sums may be due. Such legal costs shall include, but not be limited to, reasonable attorney’s fees, court costs, forensic consultants and expert witness fees, and other documented expenses, as well as the value of time spent by the prevailing party and those in that party’s employ to research the issues in question, discuss matters with attorneys and others, prepare for depositions, respond to interrogatories, and so on. Insofar as CONSULTANT is concerned, the value of time spent and expenses incurred shall be computed based upon CONSULTANT’s prevailing fee schedule.

13. Governing law
Unless otherwise provided, the substantive law of the state of California will govern the validity of this AGREEMENT, its interpretation and performance, and remedies for non-fulfillment of any other clause related to this AGREEMENT.

IN WITNESS WHEREOF, the parties hereto have caused this AGREEMENT to be executed by their undersigned officials as duly authorized.

MKB Engineers

By: ____________________________

Name and title: ____________________________

Date: ____________________________

Federal ID number: ____________________________

Three Rivers Levee Improvement Authority

By: ____________________________

Name and title: ____________________________

Date: ____________________________

This AGREEMENT was executed on the 1st day of July, 2003.
Agreement for Professional Services—Standard Terms and Conditions
between
MBK Engineers and the Three Rivers Levee Improvement Authority

This 5th amendment to the Scope of Work will specifically cover the following tasks:

1. Project management and assisting with management of the design contract for the Yuba River levee repair.
2. Coordination with Reclamation Board staff.
3. Coordination with Corps on review of design and FEMA certification.
5. Coordination with Yuba County, developers, and the public.
6. Work with Proposition 13 team to include the Bear River Yuba River and WPIC levee improvements into the Proposition 13 program.

This task would involve managing the interface between the design consultant and the Three Rivers Levee Improvement Authority. This task includes: tracking of project expenditures, review of consultant reports for policy issues and consistency with project objectives; oversight of the technical team; work on the Prop 13 Supplemental Feasibility Study to add the Bear River Yuba River and WPIC levee improvements, and coordination with DWR, Rec Board and Corps staff on project related issues and design review.

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MBK’s current contract ceiling is $89,300. This amendment would raise the contract ceiling by $8,000, bringing the revised contract ceiling to $97,300. This work will be performed on a time and materials basis not to exceed $97,300. The amendment is intended to cover the work effort to September 7, 2004.

ATTACHMENT A